

R 200823Z MAR 09
FM AMCONSUL CAPE TOWN
TO SECSTATE WASHDC 3023
INFO SOUTHERN AF DEVELOPMENT COMMUNITY COLLECTIVE
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E.O. 12958: N/A

TAGS: SF PGOV ELAB KDEM

SUBJECT: TOUR D'HORIZON WITH WESTERN CAPE COSATU SECRETARY

¶11. (SBU) Summary: Tony Ehrenreich, the outgoing Western Cape provincial secretary for the Congress of South African Trade Unions (COSATU) told Econoff that while he was confident the new ANC government and presumptive new President Jacob Zuma would be more receptive to labor concerns and pro-poor policies, they will have a difficult time challenging the national Treasury's bureaucratic primacy -- particularly if Finance Minister Trevor Manuel sticks around. Although he acknowledged that not every Zuma backer had the same perspective on economic policy, Ehrenreich believes that the union federation's support for Zuma will make it difficult for him to dismiss organized labor in the fashion of former President Thabo Mbeki. In Western Cape, Ehrenreich said COSATU is actively campaigning for the ANC, but he further noted the ANC "doesn't have a snowball's chance" of winning the province in the April 22 elections, but he noted that this was not a major concern, given provincial government's limited role. End summary.

¶12. (SBU) Bio note: Ehrenreich, COSATU provincial secretary for 13 years, is regarded as one of the labor movement's most articulate and skilled leaders, as well as an effective organizer. However, he has drawn fire for his public pronouncements that the ANC would lose Western Cape, prompting speculation that he would join the breakaway Congress of the People (COPE). A COPE defection does not appear on the cards, but -- probably in part due to the controversy -- Ehrenreich is stepping down at the end of his term; he told Econoff he would be departing office in June. Ehrenreich, who is in his 40s, said he did not know what he's going to do next, though he hopes to continue working in organized labor. End bio note.

ANC ECONOMIC DECISIONMAKING: THE TROUBLE WITH TREVOR

¶13. (SBU) Ehrenreich said he was very optimistic about a Jacob Zuma-led ANC government, as he thinks this government will advocate the party's policies and not act independently. ANC policy for years has advocated pro-poor and pro-worker policies; the resolutions at the December 2007 Polokwane conference made this emphasis even more explicit. However, he noted, Thabo Mbeki's government did not take these party directives into account when making government policy -- he largely ignored the protestations of alliance partners COSATU and the South African Communist Party. Ehrenreich said the operation of the National Economic Development and Labor Council (NEDLAC) was a good case in point. NEDLAC was designed to be a forum for the government, business, and organized labor to share views on economic policy, but Ehrenreich said that government departments -- particularly Trade and Industry and the Treasury -- generally ignored the council's position papers, particularly those with significant inputs from organized labor.

¶14. (SBU) Ehrenreich held out particular contempt for Finance Minister Trevor Manuel, who he said operates with impunity and through control of the Treasury essentially dictates the government's economic priorities. Ehrenreich described Manuel's 2009 budget as "his giving the finger to the ANC," saying that the Finance Minister largely ignored ANC resolutions to expand access to social welfare programs in favor of cutting taxes on the wealthy. He acknowledged, however, that Manuel's global standing -- his

quickly-rescinded October 2008 resignation announcement after Mbeki's ouster caused the rand to briefly plummet -- will QMbeki's ouster caused the rand to briefly plummet -- will make it hard for Zuma to push him out right away. Manuel also benefits from being a skilled politician; Ehrenreich said, "he's so good that even the people he gives the finger to like him."

¶ 15. (SBU) Manuel will eventually leave, but Ehrenreich said that the new government will still face a challenge in changing the institutional culture at Treasury, Trade and Industry, and other economic departments. (Comment: Ehrenreich's views of Treasury and Trade and Industry in the same light are interesting, given that Treasury is widely viewed as actively opposed to many Trade and Industry initiatives aimed at the creation of a "developmental state." End comment.) Civil servants at Treasury in particular have a great deal of power and independence, and it will prove difficult for Zuma and his Cabinet to rein them in. Wholesale changes will be necessary, he noted, if South Africa will pursue the ANC goal of a developmental state.

FUTURE LOOKING (RELATIVELY) BRIGHT...

¶ 16. (SBU) Asked whether he trusted Zuma to follow through on his promises to pursue more pro-poor policies, Ehrenreich acknowledged that Zuma's rise came from an "unholy alliance" with disparate views on economic policy united only by their distaste for Mbeki. However, Ehrenreich believes that COSATU's unwavering backing of Zuma will give it a great deal of influence with him, far more than they ever had with Mbeki. Furthermore, he does not think Zuma is someone who will buck ANC policies, which are clearly pro-poor and pro-worker.

¶ 17. (SBU) Ehrenreich had no insights as to whom Zuma will appoint to his Cabinet in economic portfolios, but he thinks COSATU "missed the boat" when it came to pushing for names on the ANC national election list. Not many COSATU leaders were on it, and given that the President has very limited ability to appoint Cabinet ministers not on the list, Ehrenreich doubts the labor movement will be well-represented in the Cabinet. Asked who the congress would like to see in Cabinet, Ehrenreich cited South African Revenue Service chief Pravin Gordhan, Deputy Trade and Industry Minister Rob Davies, and Communist Party stalwart Jeremy Cronin as people who would be sympathetic to organized labor. However, he noted that many leading lights in the union movement had been "seduced" by power and money after joining government, so it's impossible to say how seemingly supportive ministers will pan out.

...BUT NOT FOR ANC IN WESTERN CAPE

¶ 18. (SBU) While optimistic that the ANC will win comfortably on a national level on April 22, Ehrenreich bluntly stated the party "doesn't have a snowball's chance" in Western Cape. He said internal projections put the ANC's provincial support at around 26 percent, which he thinks will rise to about 30 percent on election day. He pinned the blame for this on the vicious battle for control in the province between former Premier Ebrahim Rasool and former party leader Mcebisi Skwatsha, which seriously weakened the party's structures. Ehrenreich noted that these problems were brewing for a long time, but that no one in the ANC's Luthuli House headquarters in Johannesburg took them seriously until it was too late. However, he noted that the loss of Western Cape for the ANC would not have much effect either on COSATU or on governance as a whole given the predominance of national government.

¶ 19. (SBU) Nonetheless, COSATU is campaigning hard for the ANC throughout the province; Ehrenreich claimed COSATU is the ANC's only effective structure here. Ehrenreich said the

congress has been active in deploying its estimated 250,000 members in the province to electioneer, both door-to-door and in workplaces. COSATU holds lunch time talks on political issues, and Ehrenreich gave Econoff a copy of the pamphlet that organizers hand out. Entitled, "Defend Our Movement: Advance the Gains of Polokwane! Expose and Isolate the Black DA!", the 14-page anti-COPE document lays out the reasons why COSATU supports the ANC and (at times vitriolically) attacks COPE as an inherently anti-worker organization. Ehrenreich said COSATU has held some rallies and is holding one on March 17 in Cape Town that he expects to attract 5,000 people.

BULLISH ON COSATU'S FUTURE IN PROVINCE

¶10. (SBU) Ehrenreich said he felt he's leaving provincial COSATU in good stead. Although the provincial congress is only about the fourth or fifth largest in the country, he said he feels Western Cape COSATU is probably the most dynamic provincial structure in the country, actively engaging with local civic organizations far more than other provincial structures. He said it is tougher to attract new members than it was in the 1980s and 1990s, when the labor movement's involvement in the liberation struggle gave it extensive credibility. Ehrenreich said he was happy with the level of new joiners. He said that new members come from a broader racial and socioeconomic profile than in the past, noting that call centers based in Cape Town have become a hot new bed of recruitment.

¶11. (SBU) Ehrenreich said the organization's main priority in the near term is to continue to expand and broaden its base of support, as well as to better engage with vibrant civil society organizations in the province. Sectorally, Ehrenreich noted that he hoped COSATU would expand its reach in the agricultural arena, where few of the unions are COSATU members. While COSATU frequently engages with these independent unions, he thinks all would benefit from a more formalized, closer relationship.

KEEN ON US OUTREACH

¶12. (SBU) At the end of the meeting, Ehrenreich asked if the Mission still offered International Visitor training programs. He said he'd gone on one several years ago and found it tremendously valuable. When told that they were, he offered to introduce Econoff to up-and-coming labor leaders in the province who might be good beneficiaries, something Econoff welcomed and will follow up on in conjunction with RLO in Johannesburg.

COMMENT

¶13. (SBU) Ehrenreich's departure will be sorely missed by Western Cape COSATU, and we will watch with interest as to where he ends up next. His openness and candor are refreshing to us, but one can see how they would not necessarily be appreciated qualities in ANC circles or among COSATU's national leadership. While his trust that a Jacob Zuma administration will prove more friendly to organized labor than that of Thabo Mbeki is probably accurate -- though the details remain to be seen -- it remains to be seen to what degree Zuma and his deputies will be willing and able to take on generally pro-market policies inherited from Mbeki, particularly in light of the global economic crisis.

MAYBERRY